

Message Text

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11

ACTION EB-07

INFO OCT-01 AF-06 ARA-06 EUR-12 EA-06 NEA-09 ISO-00

CIAE-00 DODE-00 NSAE-00 NSCE-00 SSO-00 USIE-00 INRE-00

FEA-01 ERDA-05 AID-05 CEA-01 CIEP-01 COME-00 FPC-01

H-01 INR-07 INT-05 L-02 NSC-05 OMB-01 PM-03 SAM-01

OES-03 SP-02 SS-15 STR-01 TRSE-00 FRB-03 PA-01 PRS-01

/112 W

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O 031045Z MAR 75

FM AMEMBASSY ALGIERS

TO SECSTATE WASHDC IMMEDIATE 1998

INFO AMEMBASSY ABU DHABI IMMEDIATE

USINT BAGHDAD IMMEDIATE

AMEMBASSY CARACAS IMMEDIATE

AMEMBASSY DOHA IMMEDIATE

AMEMBASSY JAKARTA IMMEDIATE

AMEMBASSY JIDDA IMMEDIATE

AMEMBASSY KUWAIT IMMEDIATE

AMEMBASSY LAGOS IMMEDIATE

AMEMBASSY LIBREVILLE IMMEDIATE

AMEMBASSY LONDON IMMEDIATE

AMEMBASSY PARIS IMMEDIATE

AMEMBASSY QUITO IMMEDIATE

AMEMBASSY TEHRAN IMMEDIATE

UQMTI/AMEMBASSY TRIPOLI IMMEDIATE 1021

AMEMBASSY VIENNA IMMEDIATE

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E.O. 11652: N/A

TAGS: ENRG, OPEC

SUBJ: OPEC SUMMIT: PREPARATORY CONFERENCE

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1. PREPARATORY MEETING OF OPEC MINISTERS FINANCE, OIL

AND FOREIGN AFFAIRS OPENED FORMALLY MARCH 2 AMONG RUMORS OF DISSENSION. PETROLEUM MINISTERS ACTUALLY BEGAN MEETING MARCH 1 TO COMPLETE WORK BEGUN AT VIENNA ON PREPARATION "SOLEMN DECLARATION" AND PLAN OF ACTION TO BE SUBMITTED TO FULL CONFERENCE FOR APPROVAL AND ULTIMATELY TO CHIEFS OF STATE, WHO ASSEMBLING MARCH 4. MINISTERS WERE AT IT UNTIL AFTER MIDNIGHT, WHEN THEY FINALLY EMERGEN FROM CLOSED SESSION AND PRESS WAS TOLD THEY HAD REACHED AGREEMENT ON TEXT. NO DETAILS OF TEXT PUBLISHED SO FAR, BUT KNOWLEDGEABLE OPEC AMBASSADOR TELLS US HE DOUBTS TEXT AS DRAFTED WILL BE ADOPTED BY SUMMIT.

2. POINTS OF DIFFERENCE ARE RUMORED TO BE: (1) POLICY ON PRICES, PARTICULARLY IN LIGHT ABU DHABI'S REDUCTION AND NIGERIA'S ANNOUNCEMENT IT WILL SELL OIL TO AFRICAN NON-PRODUCERS AT DISCOUNT; (2) SCOPE OF AND REPRESENTATION AT PRODUCERS-CONSUMERS CONFERENCE, FOR WHICH FRENCH HAVE NOW SENT INVITATIONS; (3) POSTURE VIS-A-VIS INDUSTRIALIZED CONSUMERS ON ONE HAND, AND AID TO LDC'S ON OTHER. EXCEPT FOR QUESTION INVITATION LIST FOR PRODUCERS-CONSUMERS CONFERENCE, ON WHICH SAUDIS AND ALGERIANS ARE AT ODDS, THERE LITTLE HARD INFORMATION AVAILABLE LOCALLY TO SUPPORT THESE RUMORS, BUT ATMOSPHERE IS NOT HARMONIOUS, E.G. SHEIKH YAMANI'S DISINTEREST IN BOUTEFLIKA'S OPENING SPEECH (SEE BELOW WAS BLATANT. FACT THAT GOWON, FAYSAL, AND SUHARTO NOT COMING GENERALLY TAKEN AS VEXING SETBACK FOR ALGERIANS, BUT LATTER GIVE NO OVERT SIGN OF DISTRESS.

3. FORMAL OPENING MORNING MARCH 2 WAS MARKED BY ELECTION BOUTEFLIKA AS PRESIDING OFFICER AND BY A HALF-HOUR SPEECH FROM HIM. KEYNOTE OF BOUTEFLIKA'S SPEECH WAS OPEC AND LDC SOLIDARITY IN FACE WESTERN MANEUVERS AIMED AT SOWING DISCORD IN ORDER RESTORE HEGEMONY. HE ACCUSED INDUSTRIALIZED COUNTRIES OF CARRYING ON PSYCHOLOGICAL WARFARE TO MISLEAD PUBLIC OPINION INTO BLAMING OIL PRICES FOR PROBLEM WHICH WAS DUE TO UNCONTROLLED INFLATION IN WESTERN COUNTRIES AND EXPORTATION OF AMERICAN INFLATION IN PARTICULAR. HE SPOKE OF MANIPULATION OF INTERNATIONAL MONETARY AND FINANCIAL MECHANISMS TO NULLIFY GAINS OF LIMITED OFFICIAL USE

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LDC'S AND LOWER THEIR PURCHASING POWER THROUGH "PUBLIC OF SECRET DECISIONS OF CERTAIN WESTERN SUMMIT MEETINGS, THE SALE OF GOLD IN THE UNITED STATES, THE USE OF FOOD PRODUCTS TO EXERT POLITICAL PRESSURE...THE U.S. TRADE ACT, OF WHICH THE PROVISIONS ARE DELIBERATELY DISCRIMINATORY AGAINST PRODUCING COUNTRIES... ALL OF THIS SHOWS A DESIRE TO ENSLAVE AND DOMINATE THE THIRD WORLD."

4. BOUTEFILKA CONTRASTED THIS WITH THE SERENE (SIC) AND REFLECTIVE ATTITUDES OF THE THIRD WORLD, WHICH GAVE A SCATHING REPLY TO WESTERN MACHINATIONS AT THE DAKAR CONFERENCE WHEN IT REAFFIRMED SOLIDARITY OF LDC'S WITH EXPORTERS OF PRIMARY PRODUCTS, NOTABLY OIL. HE DESCRIBED PROBLEMS LDC'S WANT SOLVED AS TERMS OF TRADE, FINANCING AND MONETARY REFORM. WHILE HE REAFFIRMED ALGERIA'S DESIRE TO SOLVE WORLD'S PROBLEMS WITHOUT HARMING ANYONE, HE RETURNED TO THE CHARGE AGAINST "BIG STRATEGIC MANEUVERS, UNDOUBTEDLY DESIGNED TO IMPRESS US... BY EXERTING MENACING PRESSURES AT THE SAME TIME THAT WHAT LOOKS STRANGELY LIKE A CONCERTED PLAN UNFOLDS--THE LIMITING OF CONSUMPTION, THE FALL OF THE DOLLAR..THE ARBITRARY RE-EVALUATION OF GOLD, UNCONTROLLED, IF NOT ACTUALLY SUPPORTED, INFLATION EXPORTED BY THE INDUSTRIALIZED COUNTRIES, AND THE ELEMENTS OF A PANOPLY OF MEASURES AIMED AT REDUCING THE REAL PRICE OF OIL."

5. SPEECH CAME ACROSS TO DIPLOMATIC CORPS AS PLEA FOR UNITY THAT WAS NOT THERE, INVOLVING FOREIGN DEVILS TO SUPPORT THESIS THAT ALL MUST PULL TOGETHER.

6. CONFERENCE ADJOURNED AT 1400 TO REASSEMBLE FOR NIGHT SESSION. AGENDA ADOPTED BY MORNING SESSION AS FOLLOWS:

(A) EXAMINATION OF REPORT OF CONFERENCE OF OIL MINISTERS ON DRAFT OF SOLEMN DECLARATION.

(B) EXAMINATION OF PLAN OF ACTION.

(C) EXAMINATION OF REPORT OF EXPERTS.

(D) DRAFT AGENDA FOR SUMMIT.

(E) EXAMINATION OF QUESTION OF OBSERVERS.

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(F) MISCELLANEOUS.

7. CHIEFS OF STATE BEGIN ARRIVING MARCH 3. CHIEFS OF MISSION TOLD TO BE AT AIRPORT FROM 1015 ON TO RECEIVE THEM. IT WILL BE ALL DAY VIGIL.
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